

AMERICAN MANAGEMENT ASSOCIATION
BOARD OF DIRECTORS
AUG 5 1930

The MANAGEMENT REVIEW

Volume XIX

AUGUST, 1930

Number 8

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Published Monthly by the

AMERICAN MANAGEMENT ASSOCIATION
20 Vesey Street New York, N. Y.

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Entered as second class matter March 26, 1925, at the Post Office at New York, N. Y., under the Act of March 3, 1879.

Fifty Cents Per Copy

Five Dollars Per Year

The **MANAGEMENT REVIEW**

August, 1930

Scientific Management in a Statistical Department

By LEONARD KUVIN, *Chief Statistician*
Index Number Institute

THE application of principles of scientific management in work performed by so-called brain workers encounters difficulties not originally met in other fields of endeavor. This holds true of workers in the field of statistics.

Such difficulties spring from two sources. One is that accomplishments through mental activity are complex; and the other is that results of mental activity are produced by an organism, the primary control of which resides within the organism. It is because of these conditions that brain workers most often resent guidance and control as they would so much personal intrusion.

From an economic standpoint, however, it is extremely important that attention be given this problem. Inefficiency in thought and in the performance of work is very costly and warrants, in an economic sense, that measures be taken to eliminate wasted effort.

The problem can be viewed in the light of three elements. One is the care with which the introduction of sufficient methods must be taken. This aspect of the problem concerns itself with the psychological possessions of the personnel employed. Another element is the analysis of work to be done by a staff of workers, and its functional sub-divisions into tasks together with a further sub-division of each task into its parts. The third is the introduction of workable organization and the adoption of some technique of managerial control. The first and second elements are perhaps the most

The object of the publications of the American Management Association is to place before the members ideas which it is hoped may prove interesting and informative, but the Association does not stand sponsor for views expressed by authors in articles issued in or as its publications.

important and as such are worthy of detailed and careful treatment. This paper, however, is designed to prevent the third element in the problem.

Our study of a statistical department then divides itself into two parts. The first concerns itself with organization; the second, with managerial control.

ORGANIZATION

The steps in organizing a statistical department are briefly (a) selecting proper personnel, and (b) obtaining adequate equipment.

Personnel

The personnel of the statistical department depends mainly upon the variety and type of work to be done. These may be: (1) Practical Research (2) Routine Computing (3) Graphic Presentation (4) Theoretical Research.

These types of work exist seldom in classes by themselves and are generally associated with one another to a larger or smaller degree. Data finding, compiling, and computing are characteristic of all forms of work.

Statistical workers may be roughly classified as: (1) Compilers; (2) Computers; (3) Draftsmen; (4) Analysts; (5) Statisticians.

A compiler is a clerk who obtains and posts information from original and secondary sources. The essential qualities of a compiler are neatness, good penmanship, accuracy, typing ability, and general intelligence.

A computer is primarily an arithmetician who can operate various calculating machines, operate a slide rule, and use tables of logarithms. The essential qualities of a computer are accuracy, persistency in tracing and locating errors, neatness and general intelligence.

A statistical draftsman is a worker who can compile information, compute and present results in graphic form so that they will be intelligible to individuals not acquainted with statistical methods. Such a worker must be a compiler and computer. Furthermore, he (or she) must be familiar with all forms of graphic presentation, the practical technique for quickly drawing charts; he must know the mechanics of photo-engraving and reproduction, and must also have something of an artistic sense.

An analyst is a statistical worker who is capable of sub-dividing a problem into its parts and deciding on the steps to be taken in solution. This type of worker is generally familiar with the work of other statisticians and statistical organizations, besides knowing where information is available he is capable of utilizing it in the solution of a problem. Such a worker must combine clear thoughtedness with the qualifications of compilers and computers. In addition he must possess an understanding of statistical methods.

A statistician is an individual who by virtue and experience is accomplished in all phases of statistical work. He is capable of collecting and com-

piling data, of making the necessary computations for the attainment of desired results, of analyzing a problem and determining its solution, of graphically presenting facts and furthermore of interpreting them. The statistician combines practical abilities with a knowledge of statistical methods. He (or she) may be in charge of a specific department or in charge of several of them.

The department heads in a statistical organization must have all the qualities and abilities of the workers in that department to a very high degree, and must also be able to get work done. In other words, the department head of a computing or drafting department must have the qualities of computers or draftsmen, and must have also some degree of managerial ability.

Though the duties of a statistician very often are those of the analyst and delegator of assignments to others, he can serve equally well on any of the jobs of subordinates in the statistical organization. Several statisticians in an organization constitute a staff whose energies directed to different problems, are coordinated by the chief statistician.

Equipment

The amount and kind of equipment in a statistical organization depends upon the nature of the work. Computing machines, computing charts and forms especially designed for work that has to be done, slide rules, log tables and nomographs constitute in a general way the computing equipment required. Considerable savings of time are effected by simple auxiliaries such as, tables, slide rules and nomographs. These devices are designed for specific types of work and too much attention cannot be paid to obtain them and provide for their use.

Machines may be selected for all-round working service or for specific types of work where the amount of work requires the particular type of machine throughout the day every day. The best type of machine is one which is specifically intended for the work it does. Where the work is not steady, machines might be selected which will serve several purposes. An important point to be noted is that machines ought to be kept running most of the time. They are expensive, and their idleness reveals something wrong in department management.

MANAGEMENT

The management of a Statistical Department presents many problems. Responsibility for managerial efficiency rests ultimately with the chief statistician. There are many devices which the manager of a Statistical Department may employ to assist him in the execution of his work. Though these aids will take on the color of the particular organization they are intended to serve, they have sufficient basic resemblance to warrant the description of particular examples. For important types of charts embodying

graphic managerial control (1) the Assignment Chart: (2) the Layout Chart (3) the Individual Time Record Chart and (4) the Duty Schedule. These developed in one form or another and adapted to the needs of the particular organization provide the backbone for a major portion of management control.

Assignment Chart

This chart is an instrument which presents in a clear and simple form the entire problem or major parts of it sub-divided into elements. It is the chart which embraces in workable fashion the findings of the analyst. By its aid the work to be performed is assigned and observed in all stages of completion. This type of chart may be drawn up on the typewriter to suit the individual case, and may be printed whenever the work of the department employing it

ASSIGNMENT CHART										
FOR: STOCK MARKET PRICE INDEX COMPUTATIONS—PRELIMINARY RESEARCH—MEMBERS										DATE: MAY 3, 1922.
NO.	TASK	OILS	AUTO ACCESS.	MOTORS	STEELS	COPPERS	FOODS	STORES	RAILS	MISC.
1.	AVERAGE OF DAILY PRICES	C.T.R.	C.T.R.	C.T.R.	C.T.R.	C.T.R.	C.T.R.	C.T.R.	C.T.R.	C.T.R.
2.	OBTAIN PRICE CHANGES	L.R.B.	L.R.B.	L.R.B.	L.R.B.	L.R.B.	L.R.B.	L.R.B.	L.R.B.	L.R.B.
3.	MULTIPLY CHANGES BY 172.	C.S.	C.S.	C.S.	C.S.	C.S.	C.S.	C.S.	C.S.	C.S.
4.	ADD VALUE CHANGES	N.W.	N.W.	N.W.	N.W.	N.W.	N.W.	N.W.	N.W.	N.W.
5.	CHECK ABOVE WORK	E.W.D.	E.W.D.	E.W.D.	E.W.D.	E.W.D.	E.W.D.	E.W.D.	E.W.D.	E.W.D.
6.	COMPUTE AND CHECK INDEXER	G.R.	G.R.	G.R.	G.R.	G.R.	G.R.	G.R.	G.R.	G.R.
REMARKS:										

FIG. 1. ASSIGNMENT CHART—TRUE SIZE $5\frac{1}{2}$ " x 9".

is sufficiently repetitive in nature to require the use of a standard form. In its essentials it may look like Figure 1, designed for the particular problem of weekly routine work. The description of the operations must necessarily be brief and only long enough to indicate what is meant. The operation numbers are intended to refer to the real description which may appear on the reverse side of the layout chart. This chart may be filled out, as the work progresses, by signatures or initials in the various boxes, by crosses, or by bars running through the lower halves of spaces in the fashion of bars on Gantt Charts. The latter method is often most satisfactory because besides being neat it better conveys the idea of completion of operation than do either signatures or crosses. Initials may be inserted in the boxes to indicate which individuals are to perform certain tasks. When each task is completed the box is filled with a black bar or cross in the usual way. This chart may be

drawn up on ordinary letter size paper and be almost entirely constructed by typewriter.

There is one fact about the Assignment Chart which is significant. It is that there is no reference to the time of beginning or completion of the task of operation. For this reason it is a static chart and while it acts only as a record of what has been done and what is being done serves to introduce graphic control.

Layout Chart

The particular instrument designed to serve as a time control is the Layout Chart. On this chart an entire problem or part of it is laid out in a manner similar to that on the assignment chart. Running across one dimension, however, preferably from left to right, is the time axis. A sample of this type of chart is given in Figure 2.

In the Layout Chart (which is a Gantt Chart) the descriptions of operations must of necessity be brief and only long enough to indicate them. In addition to the operation numbers, which act as references to the reverse side of the card or chart for fuller descriptions of the operations, there is a column for initials. This column is used to point out which individuals execute specific tasks.

This suggests that this form of Chart is of an entirely different type. It is dynamic rather than static. It points out what is to be done, by whom, and when. The time axis running from left to right points out when the individual tasks are scheduled to be done and when they have actually been done. The statistician presents the clerk whose duty it is to keep this chart with the schedule of performance.

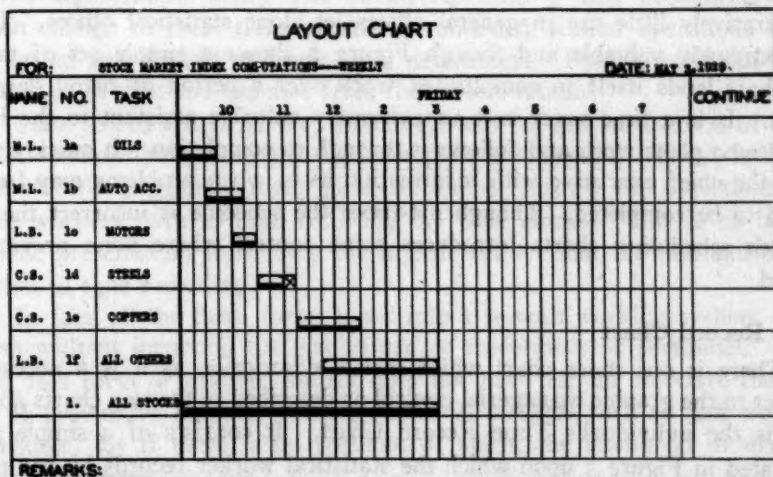


FIG. 2. LAYOUT CHART—TRUE SIZE 5½" x 9".

In the chart in Figure 2, for example, the work on Friday indicates that Operation Ia which applies to the oils group is to be done at 9:30; Ib is to be begun at 9:30 and completed at 10:00; Ic is to be begun at 10:00 and completed at 10:30; Id is to be begun at 10:30 and completed at 11:00. Ie is to be begun at 11:00 and to be completed at 11:30; and so on with the others.

The actual mechanics of scheduling is worked out by time analyses of past work as will be described below. The charts are kept by a clerical assistant. Little angles are placed on the chart between the beginning and ending times and a thin line drawn to connect the upper sides of angles. These constitute the graphic time schedule.

The actual working time is drawn in by a bar in the lower half of the white area enclosed by the sides of the angles as illustrated on the chart. It will be noted that item Ia required more time than was expected. In other words this operation began at 9:00 and continued until 9:45 rather than 9:30. The black bar shows this extension of time. In the case of item Id, the beginning time was estimated correctly, whereas the completing time was estimated incorrectly. This latter operation was completed ahead of scheduled time. Whereupon item Ie was begun before scheduled time and being delayed was completed at the original finishing time. In other words more time should have been allowed to item Ie and less to item Id. The other items were begun and completed as scheduled.

We have then in this simple chart a record of what was expected and what was accomplished. This record after having served its purpose can be used for future reference as to performance or the amount of time required for operations on that particular date.

Layout charts while used very extensively in factories have as yet found comparatively little use in general offices let alone statistical offices. They are extremely valuable and though Figure 2 shows a simple set of tasks, this chart lends itself to complicated work over a period of many days or weeks. It is a time saver and an extremely valuable assistant to the individual who plans work and follows it through to completion. It quickly provides the chief executive with information as to when problems may be expected to be completed. Though oft-times the schedule is incorrect the use of such scheduling charts introduces some control where none previously existed.

Time Record Chart

There is one more chart which merits description as it is a necessary adjunct to the graphic managerial control as described in the two charts above. This is the individual's Time Record Chart. It consists of a simple grid illustrated in Figure 3 upon which the statistical worker records by bar plotting an operation number, the time when each operation is begun and the time

when it is completed. They too, can be typed on ordinary paper, and when sufficiently applicable to many types of work can be printed in some standard form. These records are used for keeping the layout chart up to date and also for furnishing the management with some idea as to the length of time of each operation. The times recorded are essential for future scheduling of similar tasks.

Further use of these individual time records can be made for calculating and distributing the costs of certain types of work and bringing the sta-

DAILY TIME RECORD CHART											
INDIVIDUAL: LILLIAN BRISTOL		DATE: MAY 3, 1929.									
NO.	TASK	HOURS									
		10	11	12	1	2	3	4	5	6	TOTAL
4.	SECURE DATA	■	■								
2.	TABULATE DATA			■	■						
3.	CHECK SOURCES				■						
8.	EXAMINE RECORDS					■	■				
9.	COMPUTE STOCK INDEX						■	■	■		
REMARKS:											

FIG. 3. DAILY TIME RECORD CHART—TRUE SIZE $5\frac{1}{2}$ " x 9".

tistical organization easily and effectively onto a cost accounting basis. When enough of these time records are obtained, similar operations can be segregated and studied and unit costs determined. Future work can be estimated as to time and expense from these observations.

Time record charts fit very effectively into the graphic method of managerial control above described and complete the system. These individual time records in graphic form eliminate almost entirely the objections most office workers have to time recording by time clocks. This is so because graphic presentation introduces the artistic rather than the mechanical suggestion in time recording.

In fact, all the three forms blend into a smooth working system. They do so without incurring the displeasure or resentment of personnel. To be sure, this form of graphic control does not have for its objective the driving of productive output. Among statistical workers such an aim would be a mistake, for if there is no freedom of spirit, the likelihood of errors is greatly increased.

On the contrary, the system aims to assist all in the achievement of an

identical end: the orderly and systematic accomplishment of the work in hand. Only when work is sufficiently routine and repetitive, may economies be sought. In repetitive operations the best ways of performance may be found if the statistician in charge and the workers who are trusted with the execution of tasks cooperate in introducing innovations and short cuts and otherwise eliminate wasted effort. Tasks may then be assigned and bonuses paid for accomplishment within standard time periods. Furthermore, all these supposedly unattainable ends can be brought about without much effort and with little friction provided only that the proper amount of tact is employed in the process.

Duty Schedule

Intimately related to the question of friction, is one very important instrument which remains to be described. This may be called the duty schedule. Each department in a statistical organization ought to have one. In its simplest form it is a schedule laid out in three columns. The first column briefly describes the duties of the several individuals in a department; the second column defines the authority allowed or means permitted to fulfill these duties; the third column gives the names of the individuals. Through the instrumentality of this schedule, authority is granted with each item of responsibility. Furthermore, when these working schedules are hung on a wall or bulletin board, the tasks and responsibilities of each individual are known to all members of the department. In this way each individual is granted a field for the exercise of ingenuity, and is glad to have the opportunity to exercise his creative facilities whenever and wherever possible. Also, each worker is made to feel that a full measure of credit will be granted him whatever ideas are offered in the execution of his work.

CONCLUSION

In conclusion, we must point out, that no scheme of organization, no staff of workers, and no collection of equipment is capable of producing good results if the spirit is lacking to properly cement all into a coherent effective whole. This spirit may be attained by introducing the urge to work. Such an urge may be stimulated through incentives, both financial and non-financial, the discussion of which is beyond the scope of this paper. Among creative workers, the problem is a difficult one and ever taxes the ingenuity of the executive in charge. Perhaps a chief statistician had better include among his qualifications those of the practical psychologist. In any event he has gone a long way towards achieving the introduction of scientific management in his branch of the organization if he successfully installs a workable system of graphic control.

THE MANAGEMENT INDEX

Abstracts and News Items

GENERAL MANAGEMENT

Future Major Executives Will Not Be Mere "Hobby Riders"

Present day business calls for a higher grade of all around business executives than we have ever had since the arrival of the era of big business. Experience in business is part of the educational process; the job needs to be recognized as having educational potentialities. One of the problems of today is too great specialization which prevents a man from gaining experience in all the phases of manufacturing operations; thus they are not prepared for the time when they might be promoted into more of a line operation. They are apt to become a disintegrating force within the organization.

One of the most fundamental principles of organization is the principle of locatable and centralized responsibility. Promotion to major factory executive positions calls for an understanding of the four most important phases of modern-day factory operations: personnel management, office management, cost accounting and research.

In this time of rapidly growing large-scale operations the need is for men who are able to coordinate the work of specialists. By W. J. Donald. *Trained Men*, Midsummer, 1930, p. 80:3.

Must Change Men's Minds

To change with change is the problem that faces the worker of today. It is the problem with which management of today is concerned. Management owes its workers the training and experience which will fit the mind to the new industrial scheme of

change, can management squarely face it in its power to make a man flexible and versatile or to keep him as they say in Maine, "set in his ways". Only by training its men to adjust themselves to change, can management squarely face the accusations that the machine age throws old employees into the discard. Machines are not guilty of this crime if the change is gradual and if men are trained to adapt themselves to new conditions. Those men are most desirable who can hold their own with these changes. In fact, it is not the too rapid development of machinery, but its too tardy development which most hurts the American worker. As told to Rose C. Feld by Cyrus S. Ching. *Trained Men*, Midsummer, 1930, p. 75:4.

Personnel Aspects of Mergers

The handling of the personnel aspects of mergers presents a difficult and important problem to management, and inevitably some loss or trying disturbance to workers.

The merger operations of the Purity Bakeries and that of the Continental Commercial and the Illinois Merchants Banks are here described as representing the two extremes in respect to the degree of disturbance to the personnel of the organization resulting from the merger. These disturbances may be grouped as follows: Probability of loss of job, "rights" earned by service in the old organization, and prestige by shift to lower order of position; and probability of difficult adjustment to

new duties, systems of management, bosses and associates.

This indicates the nature of the problems confronting managers. In conclusion the writer of this article says that although exceptions in large numbers may occur, it can be said that consolidations have through their personnel policies and methods in respect to personal treatment, promotion policies, safety engineering, improved working conditions, etc., forged far ahead of the average independent industry. By R. W. Stone. *The Journal of Business*, the University of Chicago, April, 1930, p. 192:13.

Do Consolidations Result in Reduction of Distribution Expenses?

This question is discussed and illustrated by references to specific but unnamed companies by an industrial engineer. Comments are also made by several retailers and others. The answer seems to be: theoretically, yes; practically, not necessarily, owing to the inevitable human factor. By B. C. Milner. *Taylor Society Bulletin*, April, 1930, p. 86:13.

The Possibilities and the Dangers Inherent in Mergers, Consolidations and Acquisitions

Among the advantages to be secured by consolidation the following are discussed: patent and process control; reduction in selling expense; control over distribution; reduction in administrative overhead; general improvement in management through higher quality of personnel; improvement in goodwill. In contrast, the following possible disadvantages are mentioned: general overhead may be added to the unmodified overheads of all of the former individual businesses; loss of individual initiative; removal of customary close personal supervision of operating units; political jockeying for power; the human element—that is, lack of time, experience, or preparation given for individual growth of the executive who is on one day the head of a small business and on the next a part of a national organization.

Despite the many inherent dangers in consolidation, the author believes that the trends in consolidation will carry far beyond the present stage and that the moves which may be made will write new pages in the records of business, economic, and perhaps political theory and history. By Arthur Andersen. *N. A. C. A. Bulletin*, May 15, 1930, p. 1219:18.

The Development of the Art and Science and Philosophy of Management Since Taylor

The first Taylor principle concerns itself with securing the facts. Today, investigation, research and experiment, together with their processes of analysis, measurement and comparison, constitute the only sound basis for solving managerial problems. The results of research, investigation and experiment must be made available to the operating group in the form of defined and published standards. These standards serve as common goals, facilities, and methods, and replace chance as far as possible. This is the second of the Taylor principles—the establishment of standards. The third is management control. There must be established a systematic procedure, based on the defined standards, for the execution of work; a procedure which directs the researches; establishes and maintains the standards; initiates operations and controls work in process; which facilitates and coordinates specialized efforts to the end that the common objective may be achieved with a minimum of waste of human and material energies, and with a maximum of human welfare and contentment. The fourth principle is cooperation. Individual capacities must be harmonized with the requirements of group purposes; with the substitution of the laws of situations for individual authority, guess, and whim; and the recognition and capitalization of human differences, motives, desires and capacities in the promotion of common purpose.

The author shows how definite applications have been made of the Taylor principles in: inventory control; classification;

methods study; scheduling; dispatching; functional foremanship; cost accounting; employer-employee relationships; merchandising. He mentions practical industrial psychology as one of the developments since the time of Taylor. By Henry P. Kendall. *The Society of Industrial Engineers Bulletin*, April, 1930, p. 4:6.

What I Have Found Most Important in Management

The head of the General Motors Company gives these important points in management:

1. Encourage individual initiative and co-operation.
2. Division of the business into small size units avoids the mistakes of the large and takes advantage of the good points of the small business.
3. 99 per cent of business activities are routine. Managing the one per cent of exception takes care of the rest.
4. Encourage your executives to make and carry out their own decisions based on sound general policies.
5. Management should come from the bottom.
6. Policies come from out of the business and are performed by the men who make them.

He also discusses developing men through a committee. By Alfred P. Sloan, Jr. *Business*, June, 1930, p. 281:4.

A Vanishing Bogey: International Cartels

Three years ago the international cartel movement was considered by Americans a symbol of Europe's resentment against American penetration of foreign markets and a weapon for fighting the mammoth enterprises of the United States. The International Steel Cartel appeared to be trying to associate all of the principal producers with the exception of the United States; the Franco-German potash agreement was said to be an attempt to hold up the American market; and the reorganized aluminum cartel appeared to be an effort to gain control of that half of the world's production which was not already in the hands of Americans.

Today the situation has changed. The bogey is vanishing. The steel cartel is suffering from constant internal dissension. The zinc cartel has been abolished. The rayon agreement has proved too weak to sustain the industry and it has collapsed. Nearly all of the other cartels which so alarmed American producers appear to contain—as Karl Marx said in another connection—"the seeds of their own destruction." This article surveys the present problems of some of the important cartels and shows how little the United States actually has to fear at their hands. By Alzada Comstock. *Barron's*, June 30, 1930, p. 5:1.

FINANCIAL MANAGEMENT

Trends in Fixed Trusts

The theory of the fixed investment trust is broad diversification among leading common stocks for permanent or long-term holding. Increasing dividends and market values of such stocks, together with extra dividends, stock dividends and subscription rights issued from time to time, are counted upon, in the average and over a period of years, to give to the investor a highly satisfactory income and appreciation. In addition,

such stocks serve in a measure as an insurance against fluctuations in the purchasing power of the dollar. It has been demonstrated that the effect of increases in commodity prices is generally to increase the values behind stocks, with resulting higher returns in dividends, profits or market value. The fixed trust does not claim that all of the stocks in its portfolio will turn out to be profitable investments. It is merely banking on the average. Losses in

some stocks, it is stated, will be more than offset by profits in others.

There are now over 100 fixed trusts in the United States, with resources aggregating about \$300,000,000. A splendid record is shown by fixed investment trusts which, having selected their portfolios with scientific care, extend back over a period of years the history of the stocks included therein. Actual performance tests of fixed trusts over an adequate period of time are not yet possible. But the available facts are very favorable to the fixed investment trusts. By John F. Fowler, Jr. *Barron's*, June 9, 1930, p. 5:1.

Costing for Profit

Ignorance of correct cost principles and unwillingness of manufacturers to adopt them are contributing factors in the unpleasant profit situation in industry. As manufacturing cost is one of the largest factors in determining profit, and burden is usually the largest factor in manufacturing cost, it is essential to see that each class of product bears its correct share of the cost of operating the equipment used in its manufacture. This important item is too often neglected even by manufacturers otherwise known for their efficient and scientific methods. A discussion of burden, charged to manufacturing cost on the basis of normal operating hours of production centers is presented. By A. E. Grover. *American Machinist*, June 5, 1930, p. 899:4.

The Fundamentals of Sound Investing

Five factors should be kept in mind in appraising the investment merits of the obligations of a particular corporation. The first is the position occupied by the company in the industry in which it operates. Management is the second factor, and probably the most important. As in all forms of human endeavor, the character and ability of the men in charge of a business enterprise are of greater moment in determining its success than are material factors. One way of judging the management

is by a careful consideration of the company—the third factor. A fourth element in the soundness of a corporation bond is a strong financial position. This is reflected, on the balance sheet, in such items as total assets in comparison with total liabilities, current assets in comparison with bonded debt, bonded debt in comparison with capital stock and surplus, and proportion of current assets in inventories, accounts and notes receivable, and cash. Finally, the future prospects of the issuing corporation must be taken into account, in so far as it is possible to forecast them with any degree of accuracy. Such prospects are, of course, largely bound up with the outlook for the industry as a whole. They should also be judged in the light of the other four factors, namely, position of company in the industry, management, past earnings record, and financial position. *Bond Briefs*, May 17, 1930, p. 1:3.

Protecting the Investing Public

In a high-pressure selling campaign by a company whose financial condition was precarious, \$2,000,000 was taken in three months from the New England public in the sale of a newly-created and authorized common stock. Any one of the representations made by the salesmen would have been recognized at once as a danger signal by any person with only a simple knowledge of finance.

The very fact that within a three-month period the public poured \$2,000,000 into the scheme on such a set of representations is another proof of the ignorance of the intelligent American people on simple financial matters. Statements by thirty-three expert fraud fighters, secured in a nationwide survey by the Boston Better Business Bureau, show that the victims of fraud came from both educated and uneducated classes, and that the lack of knowledge on financial matters by both classes is astounding.

Existing data indicate that legislation aimed at crooked promoters is proving inadequate to curb them. Nor has prosecu-

tion been a sufficiently effective deterrent. The solution lies in an educational program. The logical place for this is in the public schools. Splendid results have been produced by such experiments as that carried on in the schools of Brookline, Mass. For the benefit of adults, the school courses should be supplemented by a constant stream of lectures, radio talks, newspaper and magazine publicity, and some form of free service, such as that rendered by the Better Business Bureaus. By John Richardson. *Barron's*, June 2, 1930, p. 3:2.

Keeping Tab on Office Expenses Often Key to Increased Profits

Net profit—the margin between sales and cost—is increased directly by cutting costs of operation. But before costs can be cut, leaks must be located, either by personal observation of the working methods, or by an analysis of the expenses. The latter is by far the surer and more scientific method. Frequently, however, it is not applied to office expenses. For the necessary data, considered merely as a part of an overhead charge, is either so general in nature, or so hidden in a mass of entries as to be practically unavailable, and therefore valueless. A comparative statement of office expenses, properly analyzed and maintained, month by month, will indicate conditions demanding executive attention.

Office expenses may be classified naturally and logically into six general groups: 1. Maintenance of office. 2. Office rent and repairs. 3. Salaries and expenses. 4. Stationery and supplies. 5. Depreciation, furniture and fixtures. 6. Communication service. A discussion of the accounting procedure in connection with each of these groups is included in the article.

The accounting for expenses may be carried either through the general ledger, or in the case of large offices through a sub-ledger, a controlling account being carried on the general ledger. The division of the accounts secures data for a comprehensive comparative statement of the costs of operating the office. Each manager must

devise a comparative statement suited to his needs. Accurately compiled and carefully analyzed, this statement will point out the office extravagances which eat into profit. A suggested form, "Comparison of Office Expenses," accompanies the text. By J. J. Berliner. *Pit and Quarry*, April 23, 1930, p. 61:2.

Organization for Budgetary Control

Budgeting is essentially planning—dollar planning. Such plans are just as important for an individual as for a great corporation; but the individual may carry his dollar plans in the back of his head, while the corporation, composed of many individuals, or groups of individuals, must make definite provision for the combination and correlation of their individual plans into a master dollar-plan for the entity. Since budgeting is not an end in itself but a means to an end, a budgetary organization is not a separate set-up but a supplement to existing organization.

Charts accompanying the report depict the organization outline of the budget system in the Federal government, the organization of the budget bureau of the Federal government, and the organization outline for a utility (incorporating the budget system). In the latter case the budget department reports directly to the President of the company, and/or to the Executive Committee. *Report of the Budget Committee, Accounting National Section, National Electric Light Association, Publication No. 061, June, 1930, 5 pages.*

The Value of Appraisals in Insurance Adjustments

Serious losses are avoided by using detailed appraisals in combination with the placing and collecting of fire insurance, for if property has been appraised too high, excessive insurance premiums are paid, and if it is appraised at too low a figure, part of the capital invested is lost if fire occurs. In case of equipment the reproduction price of each item should be given and all construction and equipment arranged and clas-

sified according to insurance requirements. Of special importance are the "small items" which often make up 20 to 40 per cent of the whole for if they are not listed in detail they are overlooked in the rush and confusion of a loss adjustment. Depreciation and obsolescence are also important factors. To be able to determine value at any time makes modern detailed appraisals a very important factor in complete fire insurance protection. By Otto Von Seggern. *Pacific Factory*, May, 1930, p. 30:1.

Financing British Industrial Reform

British financiers are now getting together to help British industry modernize itself. "Rationalization" is the favorite word for this process. Necessary capital, according to the London dispatches, is to be provided by the organization of the Bankers Industrial Development Company, with a capital of £6,000,000, plus ability to borrow more. This company will not undertake the reorganization of individual companies, but it will be concerned only with whole industries or with regional parts of industries. It will not be an investment company or a trust company, and it will

not enter into competition with any of the ordinary banks and financial houses, who, in fact, are part proprietors in it. It will simply be a channel through which industry will receive the assistance and advice of great financial houses.

The object of the company is to receive and consider schemes submitted by the basic industries of Great Britain for the purpose of their rationalization, either by industries or by regions. In the case of schemes which may be approved, arrangements will be made for the provision in one way or another and through existing agencies of such funds as may seem to be essential. Mass production and standardization will be applied to the industries of Great Britain, so far as they seem applicable. The mass production of standardized goods will necessarily interlock with a buying power that produces itself by means of high wages and is financed by consumer credit. Thus the new Bankers Industrial Development Company may give much additional support to partial payment companies. On the whole, Britain seems in a fair way to adopt most of the basic industrial changes that have occurred in American industry since the war. *The Literary Digest*, June 14, 1930, p. 56:1.

Insurance

Insurance Faces Three Problems

Namely: old-age dependency, the part to be played by insurance in the further development of aviation, and settlement of the controversy over the respective merits of financial responsibility and compulsory automobile insurance laws. By Bertram F. Linz. *Nation's Business*, May 20, 1930, p. 64:2.

What the Insurance Agent Means to You

Fortunate is the seeker of insurance protection who finds in the same insurance brokerage house with the policy expert, a man who has had experience as an insur-

ance field engineer or inspector, for a man of this type may prove a great help in determining the most safe method of construction, alterations, control of hazards and maintenance. It is not wise to leave entire responsibility of such matters to the insuring agency, because it can hardly be expected that one selling insurance as a business would know all the requirements of its many clients. Conditions are changing constantly and the buyer of insurance must continually study conditions and see that his insurance protection is keeping pace with those changes. It is cooperative work between the buyer and seller that counts. P. D. Betterley. *Credit Monthly*, June, 1930, p. 27:1.

OFFICE MANAGEMENT

Space: Location, Equipment, Arrangement

Housing Business Organization for Efficient Operation

Increasing specialization and mechanical developments have complicated the problem of housing office activities. Planning the building requires analysis of organization requirements, communication and transportation facilities both intra office and with outside public, office appliances used, ventilation, acoustic and illumination requirements, and location of general service departments and employee facilities. Proper planning may result in fifteen to twenty-five

per cent additional staff productivity. Size is determined by present needs and expansion policies, selection of site depends upon cost of property, advertising value and necessity of accessibility to customers. Arrangement of interior means proper location of stairways, toilet and locker rooms, preferably on each floor, providing electrical wiring and ducts for all equipment, and often, provisions for dining room, auditorium, medical departments and vaults. By Harry A. Hopf. Reprint from *The Architectural Forum*, April and May, 1930. 24 pages.

Organization: Job Analysis, Employment, Pay, Tests

The Essentials of a Comprehensive Personnel Program

After a summary of conclusions and comments on the incompleteness of personnel programs this bulletin gives an outline of personnel functions or activities, an outline of personnel administrative machinery, the division of personnel work, and standards for appraising a personnel system. This statement has grown out of the experience of the staff of the Bureau of Public Personnel Administration from 1923 to 1930. By Fred Telford. 15 pages.

What's "Par" in Office Production?

The Office Manager of the B. F. Goodrich Company describes savings made through incentives. The company's standards for seven office operations are given:

To copy from typewritten or very legible hand written manuscript, with allowance for corrections but eliminating elements such as load, unload, and so forth—850 lineal inches per hour.

To file correspondence alphabetically, including inspection for file authorization stamp, arrangement in alphabetical sequence, punch, and place in security type folders which must be removed from and

returned to the cabinet—100 pieces per hour.

To type purchase orders from typed and hand written requisitions, using continuous folded form equipment, each order averaging approximately 370 characters and spaces—21 orders per hour.

To fold invoices and bills of lading (where requested), averaging 28 sheets per set, each set to receive two folds and be inserted in $4\frac{3}{8}$ " x $8\frac{1}{2}$ " outlook type envelopes—222 assemblies per hour.

To make hectographed copies in sets of five copies for each master, each set to include at least four different forms but of the same size— $8\frac{1}{2}$ " x 11", and including the placing, washing, and removing of the rolls—61 sets per hour.

To duplicate letterheads, including preparation and handling of stock, running, and assembling after run, but not including arrangement of type—1,000 copies in 17 minutes.

To punch tabulating cards, including inserting card in the machine, punching twenty-five holes and removing card, using data from invoice carbon copies, and making a card for each item, which presents some repetition, but involves a rather gen-

erous amount of code translation—333 cards per hour. By H. M. Lacy. *System*, July, 1930, p. 27:5.

Philosophy of Labor

In addition to a theoretical discussion of the philosophy of labor, the article contains some very practical information on wage rating and job analysis. Among the

charts accompanying the article are the following: Classification Scheme for Grading Positions; A Rate Table Showing Rate Graduation of Minimum and Maximum Rates by Service Grades; Coordination of Service Grades and Rate Ranges; Typical Form of Chart of Organization. By J. O. Hopwood. *The Society of Industrial Engineers Bulletin*, April, 1930, p. 10:21.

Records: *Forms, Charts, Cards, Files, Statistics*

Thirteen Periods Make Our Year

The Secretary and Treasurer of the Square D Company describes the eight advantages and nine disadvantages that concern has encountered in the 13-period calendar. The disadvantages have, for the most part, been found to be remediable, the most serious of them being troubles encountered in balancing and checking up accounts and reports with previous years.

Obviously within a short time these disadvantages will disappear; many of them have already been overcome.

In short, to this company the advantages of the plan more than offset the adverse consequences of its adoption. The author recounts the way in which the company overcame some of the disadvantages. By Willard S. Worcester. *System*, July, 1930 p. 31:3.

PRODUCTION MANAGEMENT

Industrial Economics: *Labor and Capital, Legislation, Wage Theory, Immigration*

Keeping Our Economic and Financial Machinery Free from Political Control

Nothing is clearer, from the experience of the last ten years, than the necessity of keeping our economic machinery, and especially our finance, free from the domination and control of politics. Economic integration of the world is a necessary prerequisite to effective political cooperation in the world. America, as the greatest creditor nation, is more interested than any other in economic integration. It is inevitable that from an economic point of view she take an interest in and be concerned with the material problems and affairs of every country on the globe.

Isolation to America, either economic or political, is quite impossible. Let no

man think that the living standards of America can be permanently maintained at a measurably higher level than those of the other civilized countries. Either we shall lift their standards to ours or they will drag ours down to theirs.

Our experience at home during the last generation should teach us that segregation into different groups for the selfish purpose of benefiting one at the expense of the other is a failure. It was not so many years ago that our industrial leaders in the United States thought that a low wage scale was necessary to enable capital to earn a profit. Now we have learned that a high wage scale may be consistent with low production costs but also with the greatest security to and return on capital investment. In a word, we are learning in America that the highest welfare of all rather than of any class is a wise objec-

tive even for the group previously privileged. By Owen D. Young. *Trust Companies*, May, 1930, p. 695:2.

Why I am Helping Russian Industry

Mr. Ford believes that any nation steadily and profitably employed is a well-behaved nation and a good neighbor. He takes no interest in political theory. He thinks that every nation should become as self-supporting as possible, says that higher wages, lower costs and shorter hours will become universal, and that eventually tariff barriers will be unnecessary, inasmuch as each country will produce what it is best fitted to do. By Henry Ford. *Nation's Business*, June, 1930, p. 20:4.

Standard of Living of Employees of Ford Motor Co. in Detroit

The family-budget survey of employees of the Ford Motor Co. in Detroit, which has lately been completed by the Bureau of Labor Statistics, constitutes the first step in the first comprehensive survey ever attempted of international real wages. The Detroit study shows the standard of living maintained by the families of Ford employees who are receiving, approximately, the \$7 per day minimum wage paid by that company. The International Labor Office, using the Detroit study as a basis, will seek to determine just how much it would cost a family to maintain an equivalent standard of living in various European cities. *Monthly Labor Review*, June, 1930, p. 11:46.

How Can the 4L Help?

The 4L believes that it can help to better conditions in the lumber industry by adopting as one of its basic principles of operation that five and one-half days a week be the maximum employment for any such period. This would better regulate production to consumption. It would eliminate the part-time employment which is

now working such a hardship on the men under the regulation-of-production plan adopted by the manufacturers. It would relieve the intermittent hiring and laying off of whole crews, and the resultant loss in earning power. This plan should not be objected to by the manufacturers as there would be less waste in the woods and in the mills. A more intensive harvesting of timber per acre should result. There would be opportunity for scientific research to widen the markets and better training of personnel and operators. By Russell Early. *Four L Lumber News*, June 1, 1930, p. 12:2.

Needed: A New Industry

So much money has been saved and invested in more and larger plants and more efficient equipment that overproduction presents serious difficulties. The way out of this difficulty can be seen in the history of the automobile industry. This has absorbed untold surplus billions and provided well-paid work for men who might otherwise have clogged our labor market. Direct investment and direct employment in the industry are but a small part of the total. The automobile is responsible for the billions that are being spent on roads, for the vast expansion of the oil industry, and for a transformation of rural as well as city life.

But now we need some new industry which will fire the imagination of spenders and savers, something which many men will long for and buy. It may be the conquest of the air, or it may be the chemical industry. Or perhaps a far-reaching, wholesome civic consciousness will demand that our cities and roadsides be made beautiful and clean. *Business Bulletin: LaSalle Extension University*, July, 1930, p. 7.

The Problem of Our American Surplus

The problem of the American surplus, whether it be in wheat, cotton, copper, oil, automobile or unemployed plants and men, is one problem and not a series of problems. One of our chief difficulties has been in not establishing a consistent

national policy. Some part of the surplus of labor should be used for the purpose of creating an exportable surplus of goods and services. To do this successfully we must learn that the solution of our problem lies in the broadening of our interests, the extension of our aid, the development of our credit machinery, the improvement of the economic conditions of other countries in order that they may buy what we so badly need to sell. The

enemies of the rapid realization of that desired end in America are suspicion, a narrowness of sympathy and point of view, a tendency to treat other peoples as our economic enemies rather than as our friends and a threatening nationalism which in its extremes is dangerous to good will. By Owen D. Young. *National Electric Light Association*. Fifty-third Annual Convention. June 19, 1930. 17 pages.

Training and Education: Schools, Libraries, Apprenticeship, Employee Publications, Bulletin Boards

Change Suggested in Textile Training

The proposal was made at a recent meeting of the National Association of Cotton Manufacturers to establish regular exchange courses between textile and art schools. Textile schools now give a complete technical training while the art schools give extremely able instruction in this line. Each needs the other badly. Such an exchange course could be supplemented by selling experience in a retail organization, and the arrangement might save the manufacturers some mistakes. *Journal of Commerce*, June 6, 1930, p. 2.

Training Tomorrow's Business Executives

The routine of the Scovill General Training Course consists of an interview of the prospect by two or more representatives

of the organization. If he is accepted his work is scheduled for the duration of the course which extends into about a year and a half of apprenticeship. The first division of the course consists of approximately five months divided between the various mills. During a specified period of the course the apprentice is shifted to one of the manufacturing companies owned by Scovill for the purpose of familiarizing himself with automatic equipment. Lectures and reading courses are included in the general training course.

In hiring, no contract is signed. Upon completion of the course, the Company tries to place the apprentice in work that has especially interested him. The whole purpose of the Scovill Manufacturing Co. is to meet the demand of the business for trained men. By Alan C. Curtiss. *The Scovill Standard*, May, 1930, p. 6:3.

Benefit Systems and Incentives: Pensions, Profit Sharing, Suggestions, Vacations, Stock Ownership

General Foods Employees May Buy Stock at \$50

Employees of General Foods Corporation and subsidiaries who were ineligible to participate in the third employees' stock purchase plan in 1928 are given an opportunity to subscribe for the company's stock at \$50 per share, according to an announcement just issued to the employees by C. M.

Chester, Jr., president. Under the terms of the present offer, which will expire August 1, 1930, the employees may subscribe for any number of shares up to 20 per cent of his annual salary.

Payment of subscriptions will be made in monthly installments to be deducted from wages, and interest at the annual rate of 5 per cent will be allowed on all pay-

ments. Subscriptions may be canceled on request of the subscriber or on his leaving the company's service, and all sums paid, with interest, will be returned to him. Until further notice, for a period of four years, the corporation will buy back at the purchase price any shares purchased under the plan.

In the event of the subscriber's death either the money paid in, plus interest, or the highest market value of the shares quoted on the New York Stock Exchange on the date of the subscriber's death, shall be paid to his estate. The offer is known as the supplement to the third stock purchase plan, which expired March 31, 1928.

Those who have entered the employ of General Foods Corporation or any of its subsidiaries since that date, except executives designated by the employees' stock committee, are eligible under the terms of the present offer. *Journal of Commerce*, June 17, 1930.

Vacations for Industrial Workers

A resumé of the subject is given covering types of plans both as to successive and shut-down vacations; eligibility; vacation pay as to amount, time of payment and accounting; vacation facilities regarding camps, savings plans and information to employees. Policyholders Service Bureau: Metropolitan Life Insurance Company. 16 pages.

Group Life Insurance for Adams Transfer Employees

Employees of the Adams Transfer and Storage Company, Kansas City, Mo., are participating in the benefits of more than \$90,000 group life insurance, combined with the payment of sick and accident benefits. This plan features the cooperation method of paying premiums, whereby employer and employees share the cost, individual benefits being based on occupation, and the life insurance ranging from

\$1,000 to \$2,500. Besides the actual protection, insured employees are offered the advantages of a visiting nurse service when sick or injured and under the care of a physician. *Packing and Shipping*, June, 1930, p. 35.

Shall the State Pension the Aged?

Arguments for and against are given by a leading authority on the subject. Eleven states and Alaska now have pension laws. The following facts and conclusions emerge from considerable confusion surrounding various plans of relief:

1. The support of aged persons through long periods is expensive, whether individuals, relatives, employers or society provide this support.

2. State pensions of the type authorized under existing laws will not wholly solve the problem of old age maintenance. Probably they will never entirely take the place either of industrial pensions or of public almshouses.

3. Universal old age pensions, payable regardless of financial circumstances, even if contributory, would involve burdensome expense to society.

4. No system of old age pensions, under laws anything like those now on the statute books will meet the problem of the worker in middle life who is unable to obtain work because of age limits enforced by many corporations.

5. No system of social legislation now seriously contemplated will relieve the individual from the necessity of thrift and of providing for his own old age.

6. The state pension movement in its present stage represents an attempt to provide a partial solution of the problem of old-age dependency. No single method is likely to bring a full solution of this problem. State pensions have merits and probably in some form they will become permanent factors in American legislation. There will continue to be need, however, for all the other methods of old age support that

meet the approval of the most enlightened economic and social thought. By E. S. Cowdrick. *Nation's Business*, June, 1930, p. 54:4.

Incentive Payment Plans for Material Handling

In this paper the author describes the methods used in installing incentive payment plans on two different phases of material-handling activities at the East Pittsburgh plant of the Westinghouse Electric & Manufacturing Company. The first phase is that of industrial electrical trucking, the other is a material-supply group in the motor-manufacturing department. Detailed formulas used in the installation are included. By C. A. Fike. *Transactions of the A. S. M. E.*, Jan.-April, 1930, p. 17:3.

Pension Law Amendment is Favored in Wyoming

Expressing regret that the old age pension law passed by the last State legislature has been found difficult of operation, Governor Frank G. Emerson recently stated he is in favor of any reasonable amendment of the law to improve it.

The reason why the pension law has not operated as smoothly as anticipated when it was enacted, the governor said, is because of the inability of the various

counties of the State to raise sufficient funds under the present statute.

The old age pension fund, he stated, under the present law must be provided from taxation accumulated from a levy of $\frac{1}{2}$ mill which counties are entitled to assess under a 1925 act creating "poor, pauper and widows' pensions."

This levy, according to Governor Emerson, seemingly has provided enough money for the poor, pauper and widows' pensions for which it was originally intended, but does not create ample revenue to care for the old age pension fund in addition.

Consequently, he said, the old age pension fund has been inoperative in a number of cases because county treasurers have no means of raising money to provide it. *U. S. Daily*, June 21, 1930.

What's Ahead for Business in Insurance Old-Age Pensions?

A discussion of what the life insurance companies can do to provide for the old age dependent, a sketch of recent tendencies in old age pension legislation and the conviction stated that old age independency must be provided by the individual and by industry, the cost to be paid, as is the cost of all other machinery of efficiency, not out of wages nor by the consumer in added prices, but out of added product. By Ingalls Kimball. *Mutual Underwriter*, May 25, 1930, p. 3:2.

Employee Service: Hygiene, Recreation, Lunch Rooms, Stores, Safety

The Human Factor in Modern Industry as Recognized by the British Thomson-Houston Company, Ltd., England

All B. T. H. shops and offices are lofty, comfortably heated and well ventilated. Daylight lamps are adopted wherever possible and the shop decoration is carried out in light colors. In the factories employing large numbers of girls, milk is supplied to those engaged in arduous duties, and a geyser for the making of hot drinks.

One of the factories has recently introduced the new "Vita" glass, and if its use is found to be beneficial, other factories will adopt it. Singing while at work is encouraged since it is found to be good for both the workers and their output. Other schemes for the employees' welfare are canteens, insurance and pensions, savings clubs, fire protection, first aid, accident prevention, clubs, apprentice courses, and suggestion systems. *The Digest*, June, 1930, p. 10:5.

Shop Methods: Industrial Engineering, Standardization, Waste, Rate Setting, Time and Motion Study.**How a Tapestry Works Reorganized a Department and Increased Production by 68%**

Introduction of rest pauses, simplification of the work, improvement of working conditions and implements permitted this remarkable increase in output. A text called "The One Best Way to Do Blocking" was prepared giving the best methods evolved for doing the work, including elimination of unnecessary movements. A Central Planning office controls the progress of work in this and other departments. Case Report. *Bulletin of the International Management Institute*, May, 1930, p. 98:3.

Style Obsolescence and Its Relation to Machine Explained

In mentioning a study of the knitted outerwear industry in Philadelphia and Cleveland which has been made by the Bureau of Foreign and Domestic Commerce, Mr. Constant Southworth says that it is probably better to let the kind of goods you want to produce and the cheapest way of producing them determine the model of machine you use than to let the model of machine you already have determine the kind of goods you produce and the cost at which you produce them. The surveys of the Department help to clarify the practical distinction between the two kinds of obsolescence, mechanical and style. *U. S. Daily*, June 23, 1930.

Saved \$40,000 in Shipping Costs

Attention to the details of packing brings big returns. This is evidenced by the savings effected by the Williams Oil-O-Matic Heating Corporation along those lines. Every factor was taken into consideration in designing a new container—size, shape, weight and characteristics as to balance, the tendency to thrust through the sides and ends of boxes, the possibility of damage through rough handling, etc. A saving to the company's dealers in reduced trans-

portation charges of \$40,000 has resulted. From data reported by C. F. Kirwan. *Materials Handling and Distribution*, June, 1930, p. 50:1.

Stabilized Employment

The production manager of C. G. Conn, Ltd. (musical instruments) describes their system of production control. Charts show: the standard inventory for one instrument; actual production, actual inventories and actual sales balanced against estimates; variation of a single item from estimate; and stabilization of employment through budgeting. By F. D. Hersherberger. *Factory and Industrial Management*, June, 1930, p. 1346:3.

Scientific Production Control

One of the biggest problems facing the automobile industry is an adequate method of forecasting that will maintain a proper balance between the number of cars produced and the cars required for consumption. General Motors meets this problem through scientific production control. Reports are received every ten days from approximately 20,000 General Motors dealers, showing cars on hand, retail deliveries, and unfilled orders. Production schedules and material commitments are based on the trend of retail sales as disclosed by these reports. The executives of General Motors have recognized, for some years past, the necessity for an added control which would enable them, in addition to measuring the retail flow of cars, to measure the effect of this movement on the financial position of the dealer. Through its new subsidiary, the Motor Accounting Company, organized three years ago, General Motors is, therefore, now attempting the tremendous task of installing uniform accounting practice throughout its dealer organizations. This activity will, in time, make it possible for every General Motors dealer to budget his various departments and control his busi-

ness along the same scientific lines that have been successfully employed in controlling the various companies comprising the General Motors institution. The new organization will also enable General Motors to follow the trend of the operating position of its entire dealer body. This will serve as a basic guide in the formulation of poli-

cies. The present system of gauging production on the basis of retail sales will thus be amplified by a parallel series of data providing a true reflection of the effects of the retail movement upon the financial position of the General Motors dealers. By Donaldson Brown. *Credit Monthly*, April, 1930, p. 23:2.

MARKETING MANAGEMENT

Sears-Roebuck and Montgomery Ward Prices Cut to the Lowest Levels Quoted in Ten Years

Reductions quoted by Sears-Roebuck & Co. are in many cases said to be startling. Every item in the catalogue has been improved in quality or reduced in price, General Wood, the president of the company said.

In addition to the drastic price cuts of Montgomery Ward & Co. President Everitt has arranged for time payments, where desired, on all purchases over \$25. "Even a small upturn in demand will start orders to factories, a decrease in unemployment and a general upward trend in business," he said. *The New York Times*, July 11, 1930, p. 1.

The Truck Jobber—A New Factor in Distribution

The truck jobber, until recently a stranger to the world of distribution, is beginning to manifest his unsuspected value. Through his ability to handle goods of a perishable nature quickly and easily, he has attracted the attention of many food manufacturers. The methods used by the modern housewife in feeding her family are really hand-to-mouth methods; she buys erratically; the retailer must be prepared to answer her wants and keep himself on a low stock basis. The truck wholesaler seems to be the solution to his problem.

The amazing growth of this new figure in the transportation business is attributable

to the efforts of various factors in the food industry to form better methods of serving consumers more adequately. By C. W. Steffler. *Trade Winds*, June, 1930, p. 13:4.

Distribution Problems

Consumers' wants for all classes of goods are definitely modified and limited by several factors: purchasing power, physical limits of consumption, changing living conditions, competition of other goods serving the same purposes or even different purposes, and changing consumer tastes. Each of these factors is discussed and the warning given to cash in on consumer demand at its height. It is fatal to be behind in the procession, and equally bad to push a style harder than the public is ready to accept it. By Paul H. Nystrom. *Taylor Society Bulletin*, April, 1930, p. 80:6.

Budgetary Control and Sales Analysis

Budgetary control of business is a logical development of scientific management. It is essentially a method of estimating from all available business data, from analytical methods, from business experience and from external conditions the probable volume of business that will be done in a given year, and of planning on this basis the production program, future purchases, receipts, and other important operating figures.

The best method of budgeting is probably to combine deductions from several

factors, of which the chief are study of past results and of orders on hand and carry over position, analysis of prospects in all markets, salesmen's reports, policies to be carried out, economic and industrial conditions, and economic factors which may be closely related to business volume.

A general business curve may be located which varies in the same manner as the business curve of a separate company, and it may lag behind it or lead on it. If we can find some index which invariably precedes our business curve in its movements we have a useful means of anticipating future changes. There are statistical methods by which the degree and consistency of such relationships can be worked out for practical application.

Examples are given of companies who have successfully forecast their sales.

A budget need not cover 12 months if the kind of business makes such long-period estimates very hazy; a three-month period

will be adequate in certain businesses. Further, in selling companies with rapid turnover and no appreciable regular difference between the sales figures of one month and another, a short budgeting period can be used. In some instances a retail house will have two clearly marked business seasons and the budget may then be prepared for a six-month period.

Another plan is to make a general budget (subject to changes) which covers a long period and to have successive detailed budgets for shorter periods. For instance, the American Telephone and Telegraph Company has a five-year budget plan, the immediate year being in full detail and the others more general.

The function of the Z chart in making graphic budget comparisons is described and illustrations given. By A. G. H. Dent. *Report of Business Research and Management Association*, Nov. 12, 1929, p. 11:12.

Sales Promotion: Letters, House Organs, Advertising.

Business Clinic

Merchants of the Oranges and Maplewood, New Jersey towns, will receive expert advice with the establishment of a "business clinic," as a new feature of the community advertising campaign being sponsored by the Chamber of Commerce and Civics of the Oranges and Maplewood. The "clinic" will offer suggestions as to how the individual dealer may profit by the volume of advertising contemplated by the chamber in the campaign, the program of which is based on a plan to raise \$30,000 a year for three years for advertising purposes and publicity. *The Manufacturing Jeweler*, June 19, 1930, p. 23.

A Study of the Sales Opportunities for Industrial Lighting Equipment

It must supply an answer to these two questions: 1. Who are the buyers and prospective buyers for industrial lighting equipment in the wholesaler's territory? How many are there? Where are they lo-

cated? Or, in other words, what are all the possible markets for the various types of industrial lighting equipment? 2. What are the needs and wants of the customers and prospective customers for industrial lighting equipment? *Report of the Market Study Section of the Lamps and Lighting Division, National Electric Wholesalers Association*. 12 pages.

Frigidaire Ties Up Direct Mail and Personal Calls

Frigidaire Corporation will send direct-mail literature in 1930 to 2,000,000 prospects, with the assurance that every mailing will be followed up by a personal call from a salesman or dealer. The names are supplied by the dealers and salesmen themselves. Salesmen can be counted upon to follow up these mailings because their income depends largely upon prospect calls. Dealers follow them up because they are paying a share of the cost.

The campaign is explained to the field

men in promotional literature. The commercial campaign is well outlined, sample folders and copies of each letter being sent out in order to show the field organization exactly what type of selling is to be done in this direct mail. An order blank with room for names of prospects to be circularized is enclosed with the folder. By E. D. Doty. *Printers' Ink*, July 10, 1930, p. 10:2.

What Should the House Magazine for Salesmen Contain?

The two chief factors which led to the establishment of "The Oil Can," the house magazine of the Wilhelm Lubrication Co., were first, some means of creating a better "family" feeling; and second, the necessity for the frequent presentation of new sales information. Publications of this nature often publish news items sent in from

branch offices. While emphasizing the size and scope of an organization such items present the danger of being of interest only to a small group.

As the plan has developed in this company the articles written in the home office have become specialized in character, each department presenting its ideas to the sales force, and thus relieving the editor of the writing of material for which he is not as well posted as the men actually in contact with the various problems. The type of article generally included covers these subjects taken from a recent issue: How to handle a price objection; How to keep territory records by a simple system; How to spot the various types of customers; Two new approaches to be used with busy buyers; Comparison of a salesman's work with other types of work. By K. W. Fawcett. *Printer's Ink*, June 12, 1930, p. 49:3.

Industrial Marketing

Open Discussion of Trade-In Problem Quickest Way to Solution

An increasingly pertinent problem in the industrial marketing field is that of the trade-in. It is disliked so much by manufacturers that it is seldom frankly discussed. However, some action has been taken in the machine tool field in the Chicago area in recent months. The plan involves more than a score of dealers and manufacturers selling direct and includes the maintenance of a central office where all trade-in offers may be filed. It is intended to eliminate the trade-in as a blind for price-cutting because it puts it on a cash basis. This plan must await the approval of the Federal Trade Commission. By J. A. Martz. *Class & Industrial Marketing*, July, 1930, p. 39:3.

What's Ahead in Industrial Marketing?

We may be passing from the era of mergers of finance to the era of mergers of effort. The national advertising policy of the American Rolling Mill Company is

unique in that it is designed to reach over the immediate market and help sell the products of fabricators. The building of a consciousness of a rust-resisting quality iron in the minds of the consuming public shows the possibilities of a broadly conceived, coordinated service, because many smaller manufacturers who cannot afford national advertising are taking advantage of the Armco campaign as a profit and prestige building force. Manufacturers of kitchen ranges, refrigerators, washing machines and many other products in general use, advertise that their product is made of Armco Ingot Iron. By Bennett Chapple. *Executives Service Bulletin*, June, 1930, p. 1:2.

Can Industry Develop a Practical Method for Disposing of Obsolete Equipment?

What about trade-ins? Who will stand the burden of scrapping old equipment or the losses occasioned by trade-in allowances—the buyer, the distributor or the

manufacturer? Answers to these questions are offered by several manufacturers, giving various views. One generalization, however, is drawn for guidance in handling the problem. When through wear or through obsolescence a machine cannot be sold or operated with profit both buyer and

seller have a direct interest in eliminating it from the market. Obsolete machinery may bankrupt one user after another, creating price-cutting havoc, and yet maintain a waiting list of victims. By J. A. Martz. *Class & Industrial Marketing*, May, 1930, p. 32:3.

Salesmen: Selection, Training, Compensation

The Manager—An Analyzer of Men

The Aetna Life Insurance Company makes use of a "Critique Sheet" as a basis for criticizing and improving their agents' sales talks. This sheet deals with all the steps in a sale as with the constituents of a sale. When the benefits of these analyses become apparent to the agent he begins to want to analyze himself. But he must be given a method of procedure. When this situation arises the company gives the agent a form. Six months later it is suggested that he make another analysis to ascertain along what lines he has shown improvement. An endeavor is made not to find perfect men but to get the best possible work out of average men. By T. M. Searles. *Manager's Magazine*, July-August, 1930, p. 3:4.

I Don't Want My Salesmen Playing Golf

The author does not believe in discussing golf with a prospect during a business call. He has never invited a salesman who has called on him to take the afternoon off for a round of golf. The logical time to play, if there is to be any playing done, is after the sale is made. The policy which he has followed, and strongly impresses upon his salesmen is that: "Not a dime be spent in entertaining a prospect, and in the case of a customer only when the favors are mutual and because of personal friendship rather than as a token of reward for an order placed." Moreover he believes that in this enlightened age the prospect can easily see through the "hobby approach" and therefore it will lose its

effectiveness anyway. By Jas. H. Warburton. *Printers' Ink Monthly*, June, 1930, p. 33:2.

Value of Quotas

Barron G. Collier, Incorporated, has a compensation arrangement on a salary and bonus basis whereby the salesman is able to increase his own salary by reaching his quota each month. The bonus plan which is based on quota, operates on a sliding scale and increases each successive month for a certain period before a new quota is assigned. Every man knows exactly what everybody else is getting in the organization. They know that everyone is treated alike. This establishes a feeling of fair play which is essential for good work. *Sales Data*, May 10, 1930. 2 pages.

Now We Have a Young Man-Power Reserve

A vice-president of Halsey, Stuart & Company tells how much a company can put into training its new men in order to secure profitable results. Each young man is started in the operating division and does general clerical work from 6 months to a year. The survivors of this stage go into sales apprenticeship where they become handy men for units of 7 or 8 salesmen and 5 or 6 inside men. In this stage the student learns a good deal and discovers his urgent need for learning a great deal more. The final stage is a fourteen weeks' intensive training course. About 60 per cent of the beginners become salesmen in each of whom \$3,000 has been in-

vested. Untrained or poorly trained people in responsible jobs are harmful to any business and expensive in every way. By E. Hill Leith. *System*, July, 1930, p. 20:4.

Production vs. Distribution

The Vocational Training School of the American Institute of Laundering is offering an intensive course of instruction in both the selling and the advertising of laundry service. The instruction on selling embraces a comprehensive study of

laundry sales promotion plans, their preparation and application, selling methods of many kinds; sales contests; customer control and follow-up systems. The advertising section of the course has been designed to give the student a working knowledge of those forms of advertising that are best suited to the laundry business. *Bulletin—Laundryowners National Association of the United States and Canada and the American Institute of Laundering*, May, 1930, p. 19:2.

Retailing

Bamberger Training Policies

Training policies in the Bamberger store were explained at the personnel group meeting of the recent N. R. D. G. A. sessions. There are several main policies:

The first policy is—To have training activities reach all branches of the organization.

Every year the department has extended its scope of training, until now, nearly every department in the store is reached in some way.

The second policy, and a very important one, is—To assume responsibility for training. For years people felt that training was a good thing, but that there was no way of proving this. We have a definite system of follow-up for people who have attended our classes. Their sales record and more general record is studied a while

after they have completed the classes. Shopping reports are made after drives or specialized training has been given.

The third policy is—To provide promotional training. If a store plans to promote from within the organization and most stores do, this is an exceedingly important part of the training functions. It should begin with the juniors and go all the way up the line at least through assistant buyers.

These three policies are rather general. A few more specific ones are:

To provide initial training in the classroom and on the job.

To strive for increased sales, fewer returns and a lower selling cost.

To aim for better service.

To supplement buyer's merchandise instruction. *Retail Ledger*, May, 1930.

Wholesaling

Sears to Have Five-Day Week

Beginning July 1 and continuing until September 1, Sears, Roebuck & Co.'s mail-order plants and general offices of the company will operate on the basis of a five-day week, T. J. Carney, Vice President, announced recently.

The company has also decided to close its retail stores one afternoon each week. Weekly salaries and wages of employees

will remain unchanged. Some 39,000 persons, employees of the company, will share the benefits of the shorter working week.

All mail-orders received up to and including Friday of each week will be shipped Friday afternoon before closing time. The company's records show that only about 7 per cent of orders will be affected by the policy and arrangements will be made to reduce this percentage considerably. *Retail Ledger*, June, 1930.

Books Received

The Preparation of Manuscripts for the Printer. By Frank H. Vizetelly. Funk and Wagnalls, New York, 1929. Ninth Edition. 148 pages. \$1.50.

Industrial Development in the United States and Canada 1926 and 1927. A survey by Civic Development Committee of National Electric Light Association and the Policyholders Service Bureau of the Metropolitan Life Insurance Company. 126 pages.

Marketing Livestock and Meats. By Tage U. H. Ellinger and Rudolf A. Clemen. Armour's Livestock Bureau, Chicago, 1929. 112 pages.

Women Workers at the Bryn Mawr Summer Schools. By Hilda Worthington Smith. Published jointly by Affiliated Summer Schools for Women Workers in Industry and American Association for Adult Education, New York. 346 pages.

Survey of Books for Executives

The Office and Tomorrow's Business. By L. C. Walker. Century Company, New York, 1930. 187 pages. \$1.50.

The opening chapter, "The President Looks at the Office", deals with the office as a non-producing or burden-creating function. The executive staff think of how the results of the business would be improved if only the office staff could be in the field selling, of the fine high grade salesmen sitting in easy chairs supervising a sales force of inferiors and equal to any three or four of them, or if the office force could be in the factory producing goods, the quality of work would scarcely need inspection. But the foregoing is only a dream, because production must be directed, sales must be supervised, accounts and books kept and the functions of the business must be properly co-ordinated. This co-ordination can only be brought about by a properly organized and directed office function.

The author says that overhead created by the office is necessary and justified because the office is the local point of profit making as it is the point of control of factory and sales. Executive control is administered through the office which is the service department of the business.

If instead of the often time domineering and autocratic attitude maintained by office

staffs, an attitude of helpfulness and service were maintained by doing everything to help the sales and production groups and place their own work and desires second; in many cases more sales would be made at lower cost, and more goods produced at a lower price.

No treatment of profits or planning is complete without a discussion of "budgets" and the chapter entitled "An Insurance Policy for Profits" contains good budgeting advice. The establishing of automatic financial control through a well planned procedure for every department and function of the business, coupled with the actual current results by means of a properly designed, correctly installed and efficiently administered budgetary accounting plan is recommended as an "Insurance Policy for Profits".

"Selling the Budget to the Organization" is next dealt with and this chapter treats the organization phase of budget preparation and making the managing personnel budget conscious.

In discussing "Office Personnel and Profits" the author tabulates the factors contributing to highest employee efficiency as being:

1. Good light and good air.
2. Flow of work in the proper amount and with regularity.

3. Sufficient room for each employee.
4. Convenient location of related departments.
5. The best organization of each individual.
6. Proper incentives.

The necessity for planning is treated in a chapter entitled "Flow of Work". A consistent effort, directed by a well organized routine, and performed at a moderate speed is the ideal brought about by properly planning and regulating the flow of work.

"Organizing the Individual for Accomplishment", heads the chapter which deals with the application of scientific management principles to clerical methods. The practical organization of any office requires that each individual's work be organized so that one job follows another in orderly fashion, without either mental or physical crowding; that the work be provided with proper tools, that the accomplishment requirements of his job be kept constantly before him and that he be rewarded for extra accomplishment by means of adequate incentives.

An important extra compensation factor or the "Satisfaction Salary" is made up of the following ten elements:

1. Self respect.
2. Justice.
3. Certainty of Job.
4. Self-expression.
5. Decent working conditions.
6. Agreeable associates.
7. Appreciation or recognition.
8. A worthy leader to follow.
9. A feeling of worth-whileness.
10. A sense of progress.

Only two kinds of papers are profitable: orders and checks. In the chapter "Papers—Papers—Papers" the usual inefficient office methods of handling, routing and exemption of the paper work are compared with the efficient methods exercised in the factory in the production of goods.

More organization, less system, is the keynote of the chapter on "System".

Chapter twelve on "Simplification" of Office Forms and Records" does not preach

the usual sermon on "simplification by elimination" but discusses instead the "new form habit". Someone asks a question and a new form is designed. It is recommended that special reports explaining exceptions are more effective and economical than the conventional running periodic records.

Chapter fifteen headed "The Business Conference" contains only thirty-eight words which read: "If a conference must be held, it should be kept clearly in mind that it is a device for considering and adopting policies, never for carrying them out. What American business needs is more clearance and less conference."

Few business men realize how fast the day of the mechanical office is coming and in the chapter on the "The Office Goes Mechanical" the progress in office mechanization and office equipment is discussed.

That much discussed, oft-repeated, seldom answered question "How to Cut Office Overhead" is the heading of chapter twenty. In it the author recommends several operations as effective. The wave of economy that periodically sweeps over an office is not sufficient for true overhead reduction. A wave is something that passes. The necessity in every business is a fundamental philosophy of economy flowing continuously through the business, year in and year out.

The following suggestions are given in the form of a program for slack times:

1. Use the quiet period for plant and office development and prepare the business for the pressure necessary for full speed ahead.
2. Develop new products or services to sell, try them out on the market and prepare for aggressive selling.
3. Keep the plant running full when it is running, in the interest of economical production.

"The Long Look Ahead", chapter twenty-five, emphasizes the necessity for long range business planning and the brief concluding chapter, "The Master Profit Maker" points out the necessity for profit engineers, profit making managers and business building executives.

For a book, written on as uninteresting and unromantic subject as the office, the author certainly deserves credit for having produced a different book, full of fundamental truths and written in an unusually interesting and easy style. The advice given is sound and should cause considerable thought and measuring up on the part of office managers and office experts.

WALTER C. HASSELHORN.
Kellogg Company.

Business Statistics. By Joseph Lyons Snider, Ph.D. McGraw-Hill Book Company, New York, 1929. 520 pages. \$5.00.

This is a book of cases and material. After considering the various sources and comparative reliability of secondary or statistical information, Professor Snider takes up such statistical information as it applies first to the more important individual industries: leather; petroleum and gasoline; iron and steel; non-ferrous metals; agriculture; cement; construction; railroads; and then to general business forecasting. Statistical tools such as charts, index numbers and adjusted relatives are also discussed.

The Dance of the Machines. By Edward J. O'Brien. Macaulay Co., New York, 1929. 274 pages. \$2.50.

Disciples of scientific management are likely to find in O'Brien's "Dance of the Machines" much that is irritating. It questions many things regarded as axiomatic and views with distaste objectives to which years of endeavor have been devoted. Yet the reaction may be a wholesome one.

The author, known as a short story critic, develops his thesis around the proposition that the machine has become master. First he develops what he considers the ideals of the machine—accuracy; predestined pattern; cheapness, dependability and impersonality; interchangeability; the elimination of variability, error and creativeness; an emphasis on the time dimen-

sion at the expense of space; unlimited multiplication by the machine of itself and consequently competition, the tendency to do useless things, to make many motions, to be restless and to hunger for power. Ultimately the cult of the machine leads to veneer and shoddy. Belief in predestination and lack of responsibility are concomitants of the machine, as are mediocrity and the death of craftsmanship.

Having thus mildly criticised the tendencies of a machine age, the author draws in parallel terms an indictment of the "mechanistic structure" of army and business organization. He turns from this to dispose briefly and devastatingly of the American short story, which he pictures as a machine-made product turned out in quantities to meet commercial necessities.

From these specific indictments he proceeds to a general examination of the Puritanical, predestined philosophy and culture of America, which he finds closer in spirit to Russia than to other European cultures, particularly the Latin. This culture he finds receptive to the doctrine of foreordination because it hungers to foreordain for others. He finds it intolerant of variation, feeling always the urge for a beehive or cellular organization in which unbelievable proficiency in a single function takes the place of that well-rounded development of the personality which was the ideal of an earlier civilization.

In many ways the indictment is a true one, and the reader will find in it an echo of certain of his own more private doubts concerning this superlative civilization of the day. The changes are here. Whether for better or worse we cannot yet say, nor can we say whether they are permanent evolutionary steps or merely one swing in the long cycle which begins in centralization and ends in dissolution and a fresh start.

That the machine is responsible for all these tendencies which Mr. O'Brien views so somberly is, however, more open to question. I for one do not see in the near future a triumph of the machine. When

Mr. O'Brien deals with literature he talks convincingly, of things of which his firsthand knowledge is evident in every line. When he speaks of machines and their effect on men, one gets the impression that he sees in part through other men's eyes, men who themselves have not lived with the machines of which they speak.

To the extent that Mr. O'Brien endows brass and steel with a malignant personality bent on breaking mankind to its will, (even though one suspects the instinct to dramatize in this endowment), it seems to me that the book tends to divert attention from the real issues, such as the pressure of population, the tendency of power to gravitate into a few hands, and the dearth of great minds.

Yet the book will surely serve a purpose. It should be read by industrialists, by engineers and all serious-minded people whose work tends to engross their thoughts so that they cannot see the forest for the trees.

In style, interest, vigor and breadth of outlook "The Dance of the Machines" is most satisfying. Logically, relentlessly and with dramatic power it presses on to its conclusion. Whether or not you wholly agree with that conclusion does not matter so much as that you will be forced to defend and perhaps to revalue your own unconscious objectives.

H. P. DUTTON,
*Professor of Factory Management,
Northwestern University.*

An Appraisal of American Business Forecasts. By Garfield V. Cox. The University of Chicago Press, Chicago, 1929. 88 pages.

To those who know the Hardy and Cox book on Forecasting Business Conditions, this study of Professor Cox will come as a welcome supplement. In it he undertakes to appraise the success of the Barometer Letter of Babson's, the Brookmire Forecaster of the Brookmire Economic Service, the Monthly and Weekly Letters of the Harvard Economic Society, the Monthly Analysis of Business Conditions and the

Weekly Letter of Moody's Investors Service, the Standard Trade and Securities Service of the Standard Statistics Company and the Monthly Letter on Economic Conditions of the National City Bank of New York.

Acknowledging that any appraisal contains substantial elements of judgment, the method of appraising forecasts generally and also the method of appraising forecasts of business are both described in considerable detail and the adequacy of the business forecasts of the six services are described and also the adequacy of the forecasts in major turns of business as well as the relation of forecasting methods to results.

The book does not undertake to appraise all of the work of the forecasting organization but only that part of the activity of each which has as its aims the forecasting of general business conditions and it points out that the ranking of any service does not guarantee that it will maintain that position in future because methods of analysis, even underlying theories, as well as changes in personnel will affect each service.

The findings cover a sufficiently broad base for the belief that whatever the changing fortunes of individual services, the group as a whole should continue to average more right than wrong.

With respect to major turns, the record is a poorer one since 1922. The error which marred most seriously the record of these services was the failure to foresee the industrial recession of 1923-24, and this mistake appears to have been due primarily to an overemphasis upon the power of abundant bank credit to sustain business activity at a high level.

With respect to monthly predictions throughout the ten-year period, the record of the services is a better one. Each of them is found to have achieved what appears to be a significant degree of success.

The two services which seem to have been most successful in this respect are found to have been in error about one month out of ten, and the least successful services were in error only one month out of four.

The study seems to indicate that minor cycles are harder to predict than major ones. If this is true, and if, as many believe, we are facing a period in which the only business fluctuations to be forecast will be of moderate proportions, the job of the business forecaster may prove a difficult one. It may be, indeed, that the services are increasing the difficulty of their own work by educating business men to study business conditions closely and to correct maladjustments before they become serious. In any event, business men must continue to forecast.

The author concludes, "Let those who can do better than the services."

W. J. DONALD.

Wall Street Ventures and Adventures Through Forty Years. By Richard D. Wyckoff. Harper & Brothers, New York, 1930. 313 pages. \$5.00.

A readable story of the arduous career of the author from 1888 to 1928, including the origin of Mr. Wyckoff's first financial magazine, *The Ticker* afterwards named *The Magazine of Wall Street*, the *Trend Letter* which proved to be the money maker, and the Richard D. Wyckoff Analytical Staff, Inc.

Accounting for Executive Control. By Monard V. Hayes. Harper & Brothers, New York, 1929. 495 pages. \$6.00.

This book opens with the statement that "the science of management has made much progress during the past decade but the science of accounting has not kept pace with it." While the reviewer of "Accounting for Executive Control" does not claim that management and accounting are running neck and neck, which they obviously are not, accounting as usual being far behind in the procession, he does believe that relatively speaking accounting has made greater strides in the last ten years than management generally because most certainly in this year of our Lord 1930 the science of accounting is not trailing along as far in the rear as it was doing in 1920.

Mr. Hayes' book reflecting as it does the accounting methods in actual use by representative manufacturing concerns (he states in the preface that eighty planned interviews were made in connection with the preparation of the book) is probably as good proof as could be offered that the science of accounting has advanced very materially indeed in recent years.

It is no news, of course, to the well posted student of modern management that accounting has not kept pace with the development of the science of management as a whole. Most excellent work has been done by accounting and engineering societies, particularly by the National Association of Cost Accountants, along the lines of educating the industrial accountant to a realization of his opportunities and responsibilities, to say nothing about his shortcomings, but while it is true that the meetings of the National Association of Cost Accountants, for instance, are attended by some executives, in the main relatively little attention is given to this matter of improved accounting by the chief executives who should be those most vitally interested in securing the tremendous assistance which can be given them by a modern accounting system and an up-to-date controller. The tendency is too often for the chief executive to place a blind faith in his chief accountant who very often is the very last person in whom such confidence should be placed.

In his introduction to Mr. Hayes' book Professor Kester indicates his appreciation of this vital problem of educating the executive when he states that the book "should also be an excellent guide to executives in knowing what they have the right to expect in the way of service from the comptroller's office". Incidentally if Professor Kester and Mr. Hayes would consult a good dictionary they would learn that the correct spelling of the chief accounting officer's title is not "comptroller" but "controller".

There is an old saying that "he who pays the piper can choose the tune" and if ex-

ecutives would only learn what they are entitled to receive from their controllers in the way of service and then demand it, it is a foregone conclusion that the supply would soon equal the demand.

When one reads the advanced literature which has been produced in recent years on accounting technique and particularly on standard costs and budgets one may quite easily gather the impression that accounting methods in this country have reached a higher stage of development generally than is actually the case. There is however probably no other line of endeavor where there is so marked a gulf between the accomplishments of the leaders and those of the rank and file. On the one hand we have controllers with vision and vim who eagerly adopt any improvements while on the other we find those who regard with suspicion anything in the nature of change and whose sole desire is that of Tennyson's Lotus Eaters, namely, to be left alone. Ralph Waldo Emerson once stated "People desire to be settled—only by becoming unsettled is there any hope for them" and this applies very pointedly to industrial accountants who do not desire to find themselves looking through the want ads some bright morning.

That charming writer Ernest Dimnet in his book "The Art of Thinking" makes the statement:

"It is one of the humiliating features of human nature that we resent a few little things which happen to irritate us more than we appreciate a great deal for which we ought to be grateful. A critic who feels like praising a book will gladly damn it if in the last chapter it antagonizes some pet idea of his."

While the reviewer in the present case hopes he can rise above the state of mind described by Mr. Dimnet he must admit that there was one thing in Mr. Hayes' book which in the vernacular got his goat exceedingly. He hastens to add however that he does not therefore damn the book which in his opinion is a most excellent one and a real contribution to accounting literature.

The matter to which the reviewer takes exception is the extraordinary story appearing on page 16 as follows:

"A striking illustration as to the recent development of 'accounting' is that of a comptroller of a large and for twenty years a prosperous concern. This comptroller was reputed to be the most outstanding accountant of England and was in much demand as a speaker on the subject of 'accounting' etc. Business reverses were undergone by the corporation for a period of about six years. Finally, while the comptroller was away from business on a speaking engagement, the directors of the corporation agreed that the concern was hopelessly bankrupt. When the comptroller returned and found his concern in receivership he was as much surprised as the general public, even though an analysis of the statements which he prepared showed that the concern had gone from bad to worse, and finally into insolvency."

It is somewhat of a coincidence that the pleasant duty of reviewing Mr. Hayes' book should have fallen upon an associate of the Institute of Chartered Accountants of England and Wales of twenty-five years standing who as such could not possibly permit this absurd story to pass unchallenged. To do so would be unfair to one of the greatest professional associations in the world and to one to which this country is indebted very materially for its development of accounting and auditing. It must be assumed that the "most outstanding accountant of England" was a Chartered Accountant because anyone who knows anything about accounting as it is practiced in England (obviously Mr. Hayes cannot be considered as among those present) is fully aware of the preeminence of the Institute in accounting and business circles in England. The reviewer believes he is correct in stating that all corporations in England are compelled by law to have their books audited annually by public accountants so apparently the auditors also failed for years to perform adequately their duties to the directors. It may be stated that the leading accountant in England

would certainly not be the controller of a bankrupt business but would be senior partner of some such firm as Price Waterhouse and Company, and anyone who is at all familiar with the calibre of the partners of such concerns would be consumed with merriment if he were told that a senior partner was not able to distinguish between a solvent and an insolvent concern. It may be further stated that every Chartered Accountant in England has undergone five years of gruelling service as an articulated clerk and has had to pass three stiff examinations before he is admitted to membership in the Institute.

The fly leaf of "Accounting for Executive Control" states that it is published by Harper and Brothers of New York and London but it is pretty safe to state that the manuscript of this book was never read by any British representative of the publishers. If the book is intended to be placed on sale in the British Isles the reviewer suggests that this objectionable and entirely unnecessary story be eliminated in those succeeding editions which the merit of the book deserves because it would indeed be a pity to prejudice British accountants against an otherwise excellent book. It seems to the reviewer that Harper and Brothers would be taking a serious responsibility in letting this volume in its present form fall in the hands of any elderly choleric Chartered Accountants suffering from high blood pressure.

The opening chapters of "Accounting for Executive Control" dealing with the principles of organization and management are particularly timely and welcome in a book on accounting as they will give the accounting reader a better picture of his place in the scheme of things industrial than he would secure if the scope of the book were confined to explanations and descriptions of accounting technique. It has been repeatedly pointed out that the chief executive of a business and his accountant usually speak entirely different languages. Far too often the chief executive knows nothing about accounting and the accountant nothing about business. This is an unfor-

tunate condition which "Accounting for Executive Control" should in some measure help to remedy. The main thing in this connection is to get the executive to read the book.

G. CHARTER HARRISON,
Stevenson, Harrison & Jordan.

Alumni and Adult Education. By Wilfred B. Shaw. American Association for Adult Education, New York, 1929. 117 pages.

The recently inaugurated movement toward the development of an intellectual fellowship between college alumni and the undergraduate body is discussed in this readable little book. What has been accomplished thus far by the proponents of the idea, the possibilities the future offers, and suggestions as to how those concerned might further stimulate such a fellowship are treated.

Wage Incentive Methods. By Charles Walter Lytle. Ronald Press, New York, 1929. 457 pages. \$7.50.

The author of this excellent book has availed himself of information from many sources, such as papers presented before the American Management Association and articles appearing in various magazines, such as *Factory and Industrial Management* and *Manufacturing Industries*. To all of these sources Mr. Lytle gives due credit and makes it possible for anyone desiring to go still further into any detailed phase of the incentive question to refer to the original articles from which he gained his information.

One good feature of the book is that it has classified incentive systems so that one may study and handle incentive plans with less confusion and greater effect. All of the known incentive plans have been classified according to principle down to ten fundamental plans which cover the whole incentive field.

A very rational discussion is given of group incentives, wherein he shows the advantages and the limitations of this type of incentive.

A comprehensive discussion is given on the question of setting base rates on the basis of the many factors entering into a job.

As I proceeded through the discussion on the selection of incentives and also that on the individual plans, I was afraid that the author had missed the vital point in the matter of selection of the proper incentive plan, but was pleased to find an appendix on "Methods of Studying Incentive Plans," which seemed to cover the real principles involved in accurately selecting the proper incentive plan for a given wage incentive case.

The discussion on plans supplementary to production is an important addition to the usual information on incentives for increased production.

"Incentives for Indirect Work, Supervision and Office Employees," has been covered widely but not in great enough detail. However, references are given so that anyone desiring to do so can refer to original sources for details on these incentive plans.

Generally speaking, the book should be useful to anyone making a study of the wage incentive methods and to anyone in industry occupied with installing and operating incentive plans.

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Managing a Sales Territory. By J. C. Aspley. Dartnell Corporation, Chicago, 1930. 110 pages.

How to sell goods—one of the burning questions of the day—gets a thorough airing in this small but very meaty volume. It made me think of my golf game. I know enough to keep my head down, and the Pro has mentioned quite a few other things that I know he is justified in mentioning, but I'll never rival Bobby Jones. I have the whole theory of the game down

pat. It is the practice that eludes me. And the only thing that keeps the reader of this volume from going out and cleaning up is the wide gap that lies between theory—perfectly good sound theory, and practice.

The average high grade salesman feels a deep responsibility for his territory. Those of lesser caliber are beginning to realize that a territory is a privilege, whose value to themselves is only limited by their intelligent labor. But the idea that it can be worked out in concrete dollars and cents—it makes one sit up.

In these brief hundred and ten pages there is no admonition more stirring than the command to "think big". To have vision for your territory, what an incentive! To plan definitely, and for a long period, everything from daily calls to collection of data on possibilities—that means sales management of one's self, and that in the end brings success.

There is a chapter on the value of concentrated effort over small territories, that contains useful hints for the man higher up, and a list of reference books that are good up and down the line. And sales managers who have severed professional good fellows on their staff will smile with fraternal understanding when the evil effects of overdoing the friendship business are pointed out.

Altogether, while the information given in this volume is no magic working novelty, the tried and true practice of salesmanship it brings out is bound to help all the gentlemen of the road who take time to read it thoroughly. And even those who have been graduated—or retired—to one of those large glass topped desks, from whence the destinies of salesmen are directed, will be less likely to shoot into the air if they bend their mighty intelligence to its careful perusal.

It is a useful little book, I liked it.

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